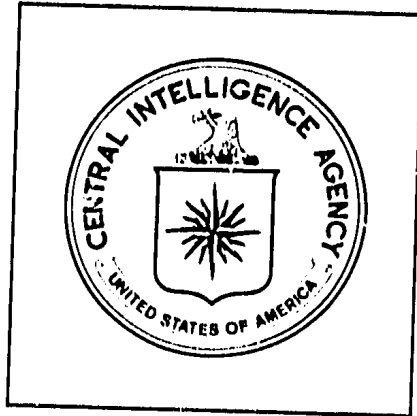


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STAFF NOTES:

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SOVIET UNION - EASTERN EUROPE

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Soviets Withhold Comment
on Middle East Situation

Thus far Moscow is letting the Arab nations take the lead in calling for a resumption of the Middle East peace conference in Geneva. The Soviets have withheld direct authoritative comment in their media or elsewhere on the breakdown of Secretary Kissinger's negotiating efforts, although they clearly see the collapse as supporting their position that Geneva is the only venue for achieving a settlement. They have given positive play to Foreign Minister Fahmi's call for a return to Geneva, and their propaganda broadcasts to the Arab world are aimed at keeping events moving in that direction.

The communique marking French Prime Minister Chirac's visit to Moscow, which was issued after the breakdown in the Egyptian-Israeli negotiations, continued the standard Soviet line on the Middle East, including recognition of the national rights of the Palestinians and guarantees for "all" nations in the Middle East.

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[redacted] Soviets did not press the French for any changes in the phraseology, which was prepared well before recent events. This suggests that Moscow intends to coordinate its position with Arab leaders before issuing a formal invitation to return to Geneva.

Not surprisingly, Soviet propaganda has placed the blame for the negotiating failure squarely on Israel. So far, the Soviets have been relatively easy on the US, although they have made the point to the Arabs that Washington's support for Tel Aviv lay behind Israel's intransigence.

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Yugoslav Military Widens Its Political Role

The increasing political role of the Yugoslav military could lead to serious conflict with civilian authority.

Army generals emerged from the party congress last spring with a much stronger representation in the leadership, particularly in the civilian security apparatus.

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The army's political administration has increased its efforts to involve officers in local politics both by encouraging them to run for elective posts in the civilian administration and by conducting an active public relations drive to improve the army's image. It has introduced a program for political indoctrination of civilians working in defense plants and has plans to extend the program to include elementary school children. Furthermore, under a law passed last year, the army is authorized to expurgate from the press, radio and television, and printed material anything it deems harmful to national security.

The decision to enhance the role of the army in the political process was presumably made by Tito himself. Some civilian party leaders, however, resent the military's interference. Early this year, for example, the Croat party leader and the regional army commander had a sharp dispute over a personnel appointment in the Zagreb party administration. Defense Minister Ljubicic and the political leadership of the army intervened to avoid bringing Tito into the squabble.

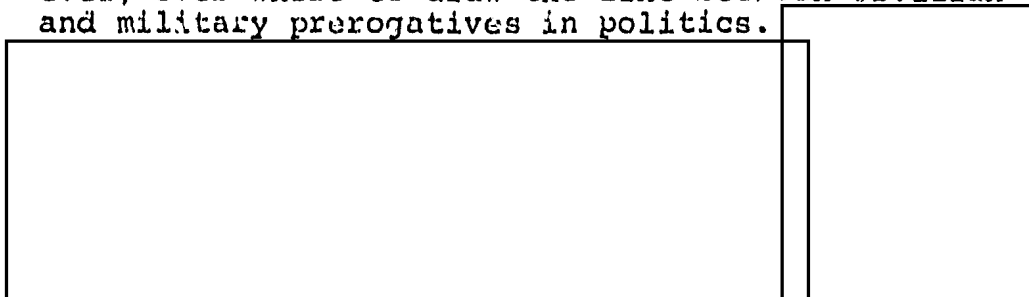
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The generals are aware of the sensitivities involved and, as in the Zagreb case, appear inclined to steer clear of open conflicts with civilians. Differences are likely to increase, however, over where to draw the line between civilian and military prerogatives in politics.

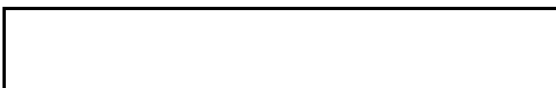
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Gosplan Official Backs Two Reforms

A Gosplan official, V. Ivanchenko, has thrown his support behind two controversial reforms in the fields of management and planning. Writing in the January issue of *Voprony Ekonomiki*, Ivanchenko reveals that some ministries are preparing to adopt next year a branch system of planning and cost accounting along the lines of the Ministry of Instrument Making, Automation Equipment, and Control Systems. Ivanchenko, deputy chief of Gosplan's department for the introduction of new methods of planning and economic incentives, writes that Gosplan, along with interested ministries, "has worked up a conception for the further development of this system." He says the essence of the system is to have ministries and all their elements function profitably on the basis of cost accounting, including the self-financing of capital investment.

N. P. Fedorenko, the leading proponent of optimal planning, published an article supporting this cost accounting system last September, and the following month Ivanchenko's department chief, N. Ye. Drogichinsky, urged that other ministries adopt the system used by the Ministry of Instrument Making. Senior Gosplan officials, however, have attacked the reduction of centralized, Gosplan control over the ministries which is implied by the reform

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Ivanchenko also advocates a more flexible and continuous planning procedure. Under this system, a new five year plan would be drawn up every year to extend a year beyond the last one. A new fifteen year plan would be formulated every five years.

This proposal, especially its provision for continually revising five year plans, has also met opposition in Gosplan. Gosplan deputy chairman

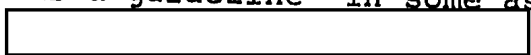
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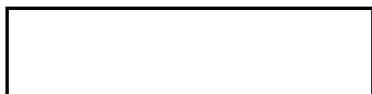


N. P. Lebedinsky wrote in *Kommunist* No. 3, February 1974, that sliding five year plans "clashed irreconcilably with the target functions and principles of directive planning." He asked, "What national economic task could be set, for example, for the year following the last year of a five year plan approved by the Party Congress and the USSR Supreme Soviet?" He did countenance sliding fifteen year plans and enterprises using sliding five year plans "as a guideline" in some aspects of their work.

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